

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE PETITION OF THE)
PUBLIC SERVICE COMMISSION STAFF AND)
DELAWARE DIVISION OF THE PUBLIC) PSC DOCKET 18-0935
ADVOCATE TO ESTABLISH A REGULATION)
FOR DISTRIBUTION SYSTEM INVESTMENT)
PLANS FOR DELAWARE ELECTRIC, NATURAL)
GAS AND WATER UTILITIES)
(Filed July 2, 2018))

ORDER NO. 9242

AND NOW, this 10th day of July, 2018, the Public Service Commission ("Commission") determines and Orders the following:

1. On July 9, 2001 Senate Bill 212 was signed into law by Governor Ruth Ann Minner. This law established a distribution system improvement charge ("DSIC") for water companies subject to the Commission's jurisdiction.

2. On June 14, 2018, Senate Substitute No. 1 for Senate Bill 80 was signed into law by Governor John Carney. This law establishes a DSIC for electric and natural gas companies in Delaware. As part of the legislative process, an amendment to the bill that would include an approval process for distribution system investment planning for those companies seeking a DSIC was discussed. Ultimately, stakeholders agreed to implement this via a regulatory process before the Commission.

3. On April 24, 2018, Commission Staff, the Delaware Division of the Public Advocate and Delmarva Power entered a Memorandum of Understanding ("MOU") with respect to SB 80. That MOU provided that Delmarva Power & Light Company, Commission Staff, the Delaware

Division of the Public Advocate and other interested stakeholders would meet to discuss implementing standards for distribution system investment planning for electric and natural gas utilities. It further provided that the first meeting to discuss distribution system investment planning will be held before July 31, 2018.

4. On May 1, 2018, Chesapeake Utilities Corporation agreed to participate in a proceeding to establish ~~Commission-approved~~ distribution system investment planning regulations tied to the filing of DSIC applications.

5. The costs associated with distribution system investments directly impact customers' bills, and as such is a concern for this Commission.

6. The Commission Staff has drafted proposed regulations ("Proposed Regulations"). We have reviewed the Proposed Regulations.

NOW, THEREFORE, BY THE AFFIRMATIVE VOTE OF NO FEWER THAN THREE COMMISSIONERS, IT IS HEREBY ORDERED:

1. That this docket is opened to adopt regulations for distribution system investment plans for Delaware electric, natural gas, and Class A water utilities. The Commission approves the Proposed Regulations attached hereto for publication in the Delaware Register of Regulations.

2. That the Secretary shall give public notice of this docket and the Proposed Regulations by publishing notice in the form attached as Exhibit "A" in the legal classified sections of The News Journal and the Delaware State News newspapers in two column format, outlined in black on the following dates:

Wednesday, July 11, 2018 (The News Journal)

Thursday, July 12, 2018 (Delaware State News)

The Secretary shall promptly file proof of such newspaper publication in the record of this proceeding.

3. That the Secretary shall forward a copy of such notice to the Delaware Registrar of Regulations requesting the notice and Proposed Regulations to be published in the August 2018 edition of the Delaware Register of Regulations.

4. That Staff shall commence duly-noticed working group meetings for interested stakeholders for the purposes of establishing final distribution planning Regulations.

5. That the first such meeting shall take place by July 31, 2018.

6. That the Commission shall receive an update on progress towards finalizing these rules and regulations by March 31, 2019.

7. That for those companies seeking to implement a DSIC mechanism or to continue a previously-approved DSIC mechanism, the first distribution system investment plans shall be filed by September 1, 2019.

8. That Thomas D. Walsh, Esquire is designated Counsel for this matter.

9. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

TITLE 26 PUBLIC UTILITIES
DELAWARE ADMINISTRATIVE CODE

Public Service Commission

3012 Rules for Distribution Planning for Electric, Natural Gas and Water Utilities

1.0 Definitions.

“Commission” means the Delaware Public Service Commission.

“DPA” means the Delaware Division of the Public Advocate and full-time professional employees of, and outside counsel and consultants retained by, the DPA.

“Distribution Plan” or “Plan” means a description of infrastructure investment projects for electric, natural gas and water utilities to improve their distribution systems and which includes facilities located in Delaware that are owned by a public utility and that are used to deliver electricity, natural gas, or water to Customers.

“Public utility” has the same meaning as defined in 26 *Del. C.* §102(2).

“Regulations” means the Commission’s Regulations for Distribution Planning for Electric, Natural Gas and Water Utilities. (26 DE Admin Code §30xx, *et seq.*)

“Secretary” means the Secretary of the Commission, or any employee of the Commission designated as such by the Secretary and authorized by the Executive Director.

“Staff” means full-time professional employees of, and outside counsel and consultants retained by, the Commission who render advice to the Commission.

2.0. Distribution Planning for Electric Public Utilities

2.1 On September 1, 2019 and every year thereafter, each regulated electric public utility shall submit to the Commission a system-wide distribution plan.

2.1.2 Each distribution plan shall include:

2.1.2.1 A system-wide distribution plan for new plant and equipment the utility expects to put in service in the next three (3) years.

2.1.2.2 A description of all projects included in the plan.

2.1.2.3 A cost estimate for each project included in the plan.

2.1.2.4 Copies of any analysis undertaken by the utility that demonstrates the

reliability-based or economics-based need for all projects included in the plan.

2.1.2.5 A cost/benefit analysis using a measurement metric approved by the Commission.

2.1.2.6 Discussion and analysis of any non-wire alternatives considered in place of new plant and equipment. If no such alternatives were considered, explain why they were not considered.

2.1.2.7 Discussion and analysis of energy efficiency initiatives considered in place of new plant and equipment.

2.1.2.8 Discussion and analysis of renewable energy initiatives considered in place of new plant and equipment.

2.1.2.9 Discussion and analysis of least-cost alternatives included in the distribution plan.

2.1.2.10 Documentation on the need for and the impact of the proposed distribution plan on the safe, adequate and reliable operation or delivery of electric service.

2.1.2.11 Detailed information on the engineering and technical design of the proposed projects in the distribution plan.

2.1.2.12 The first detailed plans shall be before the Commission for review by September 1, 2019 and every three years thereafter.

3.0 Distribution Planning for Natural Gas Public Utilities

3.1 On September 1, 2019 and every year thereafter, each regulated natural gas public utility shall submit to the Commission a system-wide distribution plan.

3.1.2 Each distribution plan shall include:

3.1.2.1 A system-wide distribution plan for new plant and equipment the utility expects to put in service in the next three (3) years.

3.1.2.2 A description of all projects included in the plan.

3.1.2.3 A cost estimate for each project included in the plan.

3.1.2.4 Copies of any analysis undertaken by the utility that demonstrates the reliability-based or economics-based need for all projects included in the plan.

3.1.2.5 A cost/benefit analysis using a measurement metric approved by the

Commission.

3.1.2.6 Discussion and analysis of any non-pipeline alternatives considered in place of new plant and equipment. If no such alternatives were considered, explain why they were not considered.

3.1.2.7 Discussion and analysis of energy efficiency initiatives considered in place of new plant and equipment.

3.1.2.8 Discussion and analysis of renewable energy initiatives considered in place of new plant and equipment.

3.1.2.9 Discussion and analysis of least-cost alternatives included in the distribution plan.

3.1.2.10 Documentation on the need for and the impact of the proposed distribution plan on the safe, adequate and reliable operation or delivery of natural gas service.

3.1.2.11 Detailed information on the engineering and technical design of the proposed projects in the distribution plan.

4.0 Distribution Planning for Class A Water Public Utilities

4.1 On September 1, 2019 and every year thereafter, each Class A regulated water public utility shall submit to the Commission a system-wide distribution plan.

4.1.2 Each distribution plan shall include:

4.1.2.1 A system-wide distribution plan for new plant and equipment the utility expects to put in service in the next three (3) years.

4.1.2.2 A description of all projects included in the plan.

4.1.2.3 A cost estimate for each project included in the plan.

4.1.2.4 Copies of any analysis undertaken by the utility that demonstrates the reliability-based or economics-based need for all projects included in the plan.

4.1.2.5 A cost/benefit analysis using a measurement metric approved by the Commission.

4.1.2.6 Discussion and analysis of least-cost alternatives included in the distribution plan. If no such alternatives were considered, explain why they were not considered.

4.1.2.7 Documentation on the need for and the impact of the proposed distribution plan on the safe, adequate and reliable operation or delivery of water service.

4.1.2.8 Detailed information on the engineering and technical design of the proposed projects in the distribution plan.

5.0 Other General Rules

5.1 Staff and the DPA may request other indicia of technical or operational necessity of projects in the plan.

5.2 Incomplete Distribution Plans. The Commission may reject a plan that is not complete or that does not contain subsequent information requested by the Staff or the DPA within two months of the submission of a plan and a failure by the utility to respond to such requests. Incomplete distribution plans may be subject to penalty as defined in 26 *Del. C.* §217.

5.3 Review of the Distribution Plan. After review, Staff and the DPA shall make a recommendation to the Commission to approve, conditionally approve, modify, or reject a utility's plan. The Commission may choose to approve, approve with conditions, modify, or reject a plan where it finds that doing so is in the public interest.

5.4 Timing of Commission Decision. The Commission shall approve, conditionally approve, modify or reject a plan within 120 days of the submission of a completed plan as defined by PSC Staff and the DPA. At Commission discretion, the plan consideration time period may be extended an additional ninety (90) days.

5.5 Accuracy of Information. The following may be grounds for rejection of a public utility's plan and the imposition of penalties:

5.5.1 A public utility's failure to provide accurate and material information in the original plan or within a reasonable period after becoming aware of accurate or material information that affects the plan;

5.5.2 A public utility's submission in a plan of false or misleading information;

5.5.3 A public utility's omission of material information from a plan or in any communication with Staff, the DPA or the Commission.

5.6 Nothing in this section shall preclude the Commission, Commission Staff, the DPA or the State of Delaware from undertaking any action to address the provision of false, misleading or incomplete information in a plan